



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

Scott Hirschi
Director

355 West North Temple
3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204
801-538-5508
801-355-0922 (Fax)

April 20, 1995

Mike Sprunger
Sprunger's Minerals
P.O. Box 38054
Leamington, Utah 84638

RE: Notice of Intention to Commence Mining, Plan of Operations, Utah State Lease
ML 46956--Gemstone/Fossil
DOGM Project S/023/044

Dear Mr. Sprunger:

The School and Institutional Trusts Lands Administration ("SITLA") is in receipt of your Plan of Operation to commence a small mining operation in T13S, R11W, Section 16, NW ¼NW ¼. Upon review of your plan and as a result of a cursory surface inspection, I will recommend to the Division of Oil, Gas, and Mining that they waive the requirements under rule R647-3 #'s 12 & 13 for soil redistribution and revegetation. The Division of Oil, Gas, and Mining will provide notice of any variance from their rules.

I have consulted with Kenny Wintch, the Administration's Archeologist, and upon his recommendation no cultural survey of the leased lands will be required.

As per my surface examination on April 12, 1995, I have documented most of the significant surface disturbances in the general area on the leased lands. SITLA recognizes that this area is frequented by the recreational rock-hounds and it will be difficult to monitor surface disturbances created by these casual collectors. SITLA thus requests that you, the Lessee, make an effort during your mining activity to reduce any high walls that now exist on the lands to a slope of no greater than 45°. When feasible all mined-out areas should be back filled with overburden and removed material and re-contoured to the original natural slope.

Before you commence with any mining activity you are required to submit a surety bond in the amount of \$ 2,500. This bond is required primarily to ensure the reclamation of mined land disturbances but shall also be conditioned upon the payment of rentals and royalties which may become due to the State. The Surety must be registered in Utah. In-lieu of a surety bond, you may submit a \$ 2,500 short term renewable certificate of deposit with a Utah banking Institution, providing the School and Institutional Trust Lands Administration is listed as a co-owner of the CD. Betty Jeffery of the First Security Bank in Delta will be able to assist you in securing a time certificate of deposit that will satisfy our bonding requirement.



Mike & Sandra Sprunger
April 20, 1995
Page Two


Attached hereto in duplicate is your Gemstone/Fossil Lease, which has been granted to you on the above listed mineral application. By the rules of the Administration, you are hereby given thirty (30) days from the date of this letter in which to execute and return the enclosed lease in duplicate. Failure to return the lease within the period allowed will subject the lease to cancellation.

Upon receipt of the documents properly signed, the Administration will execute the lease and return one copy of the lease for your files.

Listed below, you will find the name and address of any parties holding an interest, through the Administration, in the lands covered by your lease. These parties may have improvements of various types on the lands included in your lease. Before entering onto the leased lands, you are required to contact such parties, holding an interest in these lands, to settle any problems of access to the leased lands. If you cannot reach an agreement, contact this office, and we will act according to our rules to enable you to operate under your lease.

If you have any questions concerning your lease, please feel free to contact this office.

Yours very truly,



WILLIAM M. STOKES
MINERAL RESOURCES SPECIALIST

WMS/tdw

ML 46956

GP 22207--Grazing

Merril & Blair Beckstrom, RFD #2, Box 308, Spanish Fork, UT 84660